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MADIGAN SUES ANOTHER ALTERNATIVE RETAIL ELECTRIC SUPPLIER & REACHES \$3 MILLION SETTLEMENT FOR DEFRAUDED CUSTOMERS***Madigan Alleges Company's Deceptive and Misleading Sales Tactics Disproportionately Harmed African-American Communities on Chicago's South and West Sides***

Chicago — Attorney General Lisa Madigan today announced she filed a lawsuit against IDT ENERGY INC. (IDT), an alternative retail electric supplier (ARES), for thousands of violations of the state's consumer fraud laws as a result of a particularly egregious marketing scheme that disproportionately impacted African-American consumers on the South and West sides of Chicago. As a result of Madigan's investigation, IDT agreed to enter into a consent decree to provide refunds totaling \$3 million to more than 176,000 customers. The consent decree also requires IDT to refrain from marketing in Illinois for two years. Madigan was joined by consumer advocates with Citizen Action/Illinois and Illinois PIRG to announce her lawsuit.

Madigan's lawsuit, filed in Cook County Circuit Court, alleges IDT and its sales representatives aggressively and disproportionately enrolled African-American residents in the ComEd territory using deceptive sales tactics to sign them up for expensive contracts for electricity. IDT sales agents failed to tell customers critical information, including the price and length of the contracts. Madigan alleges many customers were given the false impression they were signing up for a discounted rate from ComEd when in reality, they were switching to IDT, where they routinely paid higher prices for their electricity.

"IDT disproportionately sold overpriced electricity to African-American consumers," Madigan said. "The alternative retail electric supply industry is rife with fraud and deceit, and I once again call on the Illinois General Assembly to ban these companies from operating in the residential market in the state."

Madigan's office uncovered the disparate impact on African-American customers by comparing the total number of IDT customers enrolled in each zip code to the total number of ComEd accounts in that zip code. In Chicago, nine of the 10 zip codes with the highest IDT enrollments are in neighborhoods where the population is more than 90 percent African-American. For example, more than 30 percent of all ComEd customers have been enrolled as IDT customers in each of the zip codes covering Austin, Englewood, South Shore and West Garfield Park – each of which consists of at least 93 percent African-American residents. To compare, only one percent or fewer of all ComEd customers have been switched to IDT in zip codes covering the neighborhoods of Edison Park, Lincoln Park, Sauganash and the West Loop – none of which contains more than five percent African-American population.

IDT's deceptive sales pitches, delivered mainly through telephone and door-to-door solicitations, bombarded customers with false claims of lower electricity rates and savings. Madigan alleges that IDT advertised a so-called "free" electric supply deal during telephone solicitations and on sales receipts at Family Dollar and other discount retail stores without explaining that "free" electric supply would lead to charges on the customer's electric bills. IDT also offered rebates and rewards programs without sufficiently disclosing the terms and conditions. Madigan's lawsuit alleges that IDT's sales representatives made no effort to accurately describe the product and misrepresented IDT's affiliation with ComEd to convince customers nothing would change even though they were entering into a contract with a for-profit company.

As part of the settlement, IDT's former and current customers will receive a notice informing them of the settlement and their rights to a refund that will be based on each customer's electricity usage. They will also receive information about their right to cancel their contract with the company at no charge.

Currently in Illinois, there are 103 ARES authorized to sell electricity. Data shows almost all customers enrolled with an ARES pay higher prices than customers who stick with the traditional public utility company. According to the Illinois Commerce Commission (ICC), ARES customers in the ComEd territory as a whole have paid about \$138 million more for electricity than traditional utility

customers from June 2017 through May 2018. Statewide, residential and small commercial customers enrolled with ARES have paid over \$600 million more for electricity in the last four years than if they continued to purchase their electricity from the regulated utility.

The lawsuit against IDT is Madigan's latest in her pursuit to stop the deceptive practices of the ARES industry. Madigan is currently litigating a case against Major Energy and has settled with Ethical Electric Inc., PALMco Power IL LLC and Sperian Energy Corp. Madigan is pursuing investigations into other ARES.

Madigan reminds people that almost no one who signs up with an ARES pays less and strongly encourages people not to sign up with any company offering to switch your electricity.

Because of their clear record of charging consumers more than regulated utilities, Madigan has made multiple calls for the Illinois General Assembly to ban ARES from operating in the residential market in the state.

Assistant Attorneys General Darren Kinhead, Caitlyn McEllis, Tom Verticchio, Aaron Chait and Anna Crane and Chicago Public Utilities Bureau Chief Janice Dale are handling the lawsuit for Madigan's Public Interest Division.

**Note: An audio recording of an IDT sales call is available upon request.*

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